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1981 Management Report

For Retail Hardware Stores

NRHA
National
Retail Hardware
Association

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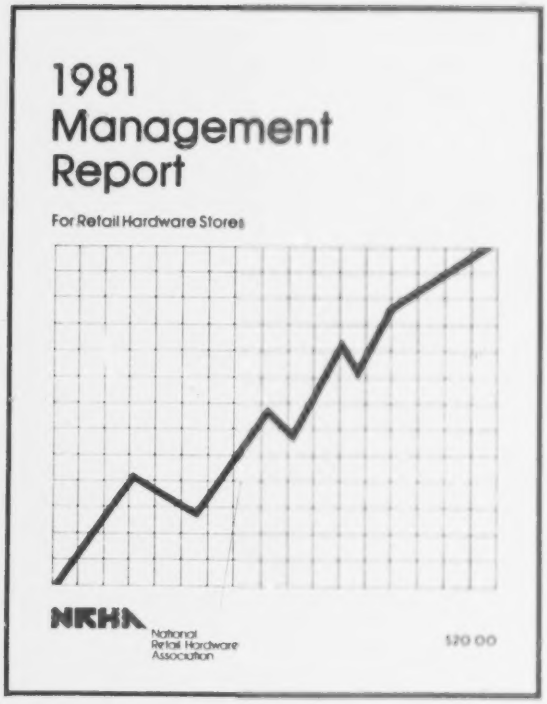
Contents



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770 N. High School Road Indianapolis, Indiana 46224
(317) 248-1261

The Research Services Department

Bradley T. Farnsworth, Director
Sandra C. Anderson, Industry Research Manager

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Introduction

Management Report

The 1981 Management Report presents financial operating data for the retail hardware industry. The Report is designed to fulfill several objectives: to assess the financial performance of the retail hardware industry in 1980; to provide comparative financial data so that retailers can measure their performance against other industry members; to provide a frame of reference for profit planning enabling hardware retailers to continually improve performance levels. Additionally the Report provides an excellent means for manufacturers, wholesalers and other interested parties to gain a better understanding of the retail hardware industry.

Five Major Sections

The Management Report is divided into five major sections: Average Operating Results, Strategic Profit Model, Departmental Sales, Compensation Study and New Store Data. All results are presented as averages, computed by adding all data for a given item and then dividing by the total number of entries.

Average Operating Results includes data on sales, operating expenses, profits and financial performance. Income statement items are presented as a percentage of net sales and balance sheet items as a percentage of total assets.

The **Strategic Profit Model** combines the principal elements of a firm's operating statement and balance sheet into a single profit planning equation, evaluating operating performance on return on net worth.

In **Departmental Sales,** information is presented on the percent of stores handling major departments found in retail hardware stores. The percent of net sales, sales floor, inventory and cost of goods sold are outlined both for handling firms only and for an average store profile. Departmental productivity is compared by calculating the gross margin return on inventory investment for each department.

The **Compensation Study** offers information on seven categories of employees. Compensation data on the hours worked, salaries and wages paid and number of persons employed are shown for: department managers; sales personnel; office personnel; check-out/counter help; delivery and warehouse personnel and other employees.

In **New Store Data,** information on the required planning phases for new store development is presented.

Type of Store

Many factors influence a retail hardware store's cost of doing business. Therefore, Report data are shown in different ways in order that individual operators may make meaningful comparisons. Information contained in Average Operating Results is presented for the following store types:

- High and Low Profit
- Sales Volume Size
- Sales Floor Size
- Type of Ownership
- Trade Area Size
- Store Location: Part I
- Store Location: Part II
- Geographical Region
- Number of Stores

Methodology

The Management Report is made possible only through the cooperation of the retail hardwaremen and women who provided us with detailed information on their operation. Confidential mail questionnaires were sent to hardware store operators the end of February. Nine hundred and eight usable returns were received by June 1, 1981 in time for inclusion in this year's Report.

All dealer survey forms were edited for completeness by NRHA's Research Services Department Staff. Forms were coded for computer processing and **all individual firm identification removed.** For the first time in the history of the Management Report the survey forms were then processed by our own data processing department. With the flexibility of working in-house to develop a brand new processing program, the Research Services Department was able to make various changes and improvements in the program. These changes are as follows; if there are any questions concerning them please contact the Research Services Department directly at the National Retail Hardware Association.

Income Statement Data

1. Total Deductions. In the past the percent of total deductions was calculated only for those stores reporting deductions. The figure is now calculated for **all** stores, to take into account those stores that have no deductions. As a result, this year's figures will appear somewhat lower than those reported in the past.

Balance Sheet Data

2. Investments. Previously calculated only for investments as a whole, figures are now reported for stocks and bonds, real estate (not used in the business), and other investments.

3. Fixed Assets. On previous questionnaires fixed assets was divided into the two categories of land-buildings and other fixed assets. It is now split into land, buildings, machinery and office equipment, and other fixed assets.

4. Current Liabilities. Current liabilities has been broken up into accounts payable, notes payable, accrued expenses payable, federal income taxes payable and other current liabilities.

5. Long Term Liabilities. This category has been divided into long term debt, deferred income taxes and other long term liabilities.

Financial Performance Data

6. Incoming Freight. As with Total Deductions, this figure was calculated in the past only for those stores which reported an amount for freight. It is now calculated for **all** stores, to include those which have no freight costs per se.

Low/High Profit Stores Table

7. Low versus High Profit Stores Table. This table is determined by taking the averages of the stores with the lowest and the highest percent net profits. In the past, the sample was split into **thirds,** and the bottom and upper thirds were used. We have found, however, that quartile averages are used more frequently and seem to be considered more meaningful. As a result, our low and high profit figures now represent the lowest and highest **fourths** of the sample.

All Tables

8. Sample Sizes. In previous editions of the Management Report the sample size for each of the tables was the same. If demographic information such as the square footage of the store was not reported it was either obtained from a past questionnaire on file or was estimated. With the flexibility of the new data processing program, however, we were able to calculate a table only for those stores which reported the information on their questionnaire. Hence, the sample size varies somewhat from table to table.

As thanks for their contributive efforts, each hardware store operator who submitted detailed financial information was provided a personalized computer analysis. This customized analysis compared each contributor's results with averages of all other stores in the same sales volume, sales floor, geographical area, and store location categories, as well as with the averages for the entire sample.

One Of A Series

National Retail Hardware Association publishes detailed Financial Operating Reports for three types of hardlines retailers. Studies which are available in addition to the hardware store Management Report are The Bottom Line for home centers and the Lumber/Building Materials Financial Report for consumer oriented outlets. Each segment of the concentrated hardgoods market is provided with its own cost-of-doing business comparision manual.

For Assistance

Assistance and aid in interpreting the 1981 Management Report may be obtained from your regional Hardware Association.

Highlights

1980 results are down from the 1979 averages. Although the average per store sales volume has increased from $434,741 to $490,836 and the percent margin is up from 34.06 percent to 35.19 percent, there have been corresponding increases in costs as well. Payroll and employee expenses, occupancy expenses, and other costs of doing business have all risen, leading to a decrease in net profit.

Stock turns are down somewhat as well, and sales per store, as reported to us by Management Report contributors, increased only 3.81 percent as compared to 12.68 percent the previous year.

Type of Hardware Store	Net Sales $	Sales Increase Over 1979 (%)	Margin (%)	Net Profit On Sales (%)	Net Profit On Investment (%)	Stock Turns x
All Hardware Stores	490,836	+3.81	35.19	3.82	14.05	2.50
Low Profit	386,700	+.08	34.37	(2.35)	(12.80)	2.22
High Profit	463,228	+6.78	38.46	10.36	27.07	2.39
Sales Volume Size						
Under $250,000	167,221	-1.33	36.08	2.74	7.41	1.80
$250,000 to $499,999	365,684	+3.28	36.55	3.72	13.10	2.17
$500,000 to $749,999	599,421	+3.85	36.42	4.11	13.77	2.46
$750,000 or more	1,291,932	+5.38	33.47	4.01	17.48	3.10
Sales Floor Size						
Under 3,000 Sq. Ft.	235,467	+3.76	35.87	3.52	11.67	2.21
3,000 to 4,999 Sq. Ft.	389,772	+2.87	33.50	3.80	12.83	2.70
5,000 to 9,999 Sq. Ft.	567,869	+3.54	35.29	4.25	14.67	2.58
10,000 Sq. Ft. or more	1,221,982	+4.98	36.15	4.12	16.18	2.75
Type of Ownership						
Proprietorship	235,599	+2.50	34.04	4.93	12.17	2.10
Partnership	382,589	+6.26	33.94	5.47	18.31	2.58
Corporation	576,984	+3.80	35.49	3.62	14.08	2.56
Trade Area Size						
S.M.S.A.-Central City	649,555	+5.30	37.62	3.95	16.57	2.93
S.M.S.A.-Suburban	698,399	-.28	36.33	4.22	14.21	2.93
Cities-10,000-50,000	548,047	+3.68	36.01	3.90	14.72	2.40
Rural Areas Under 10,000	415,142	+4.06	34.32	3.82	12.82	2.33
Store Location: Part I						
Downtown	433,065	+3.22	35.18	4.51	13.93	2.45
Suburban	655,813	+5.50	34.49	3.68	15.77	3.00
Rural	465,304	+6.84	35.07	3.50	15.57	2.51
Store Location: Part II						
Shopping Center—Neighborhood	446,321	+5.02	37.80	4.14	16.54	2.51
Shopping Center—Community or Regional	541,355	+6.13	35.38	4.71	18.18	2.28
Free-Standing—No Stores Adjacent	637,830	+1.78	34.43	4.30	15.51	2.80
Free-Standing—Stores Nearby	479,392	+4.16	34.49	4.11	13.74	2.68

Monthly Sales

Shown below are the industry average percent of sales by month. Once again, December is the leading month for hardware stores. All retail activity, including hardware stores, experience seasonal fluctuations in sales. However, these fluctuations can cause management problems particularly in cash flow. To help level seasonal sales, hardware stores should develop several wintertime promotions which offer good sale prices across diverse merchandise lines. This type of broad scope promotion will provide something of interest to most all consumers and should increase store traffic during the months of January through March.

	%
January	6.3
February	6.0
March	6.8
April	8.7
May	9.8
June	9.2
July	8.8
August	8.4
September	8.2
October	8.8
November	8.4
December	10.6

Average Operating Results

Income Statement Data

The Income Statement presents in a single format revenue derived from the sale of merchandise and expenses incurred to produce these sales. All Financial Report Income Statement data are presented as a percent of Net Sales, computed by dividing each item by the Net Sales.

Net Sales Volume — The dollar amount of cash sales plus credit sales less total deductions.

Total Deductions — Goods returned, discounts allowed, sales taxes and other taxes paid to secure licenses.

Cost of Goods Sold — Inventory First of the Year plus Purchases plus Freight In minus Purchase Rebates minus Inventory End of the Year equals Cost of Goods Sold.

Margin — The difference between Net Sales and the Cost of Goods Sold.

Salaries — Owners, Officers, Managers — The compensation including bonuses paid to owners, officers and store managers who work in the business.

Salaries — Other Employees — The compensation, wages and bonuses, paid to all other employees.

Federal and State Payroll Taxes — Federal and State Withholding, Unemployment Compensation and FICA Taxes.

Group Insurance — All premiums paid to insure employees for health and accident protection.

Benefit Plans — The employers' share of cost for employee welfare/benefit plans — life insurance, retirement, education, etc.

Heat, Light, Power and Water — All utility expenses incurred in the operation of the business.

Repairs to Building — All charges for incidental repairs which keep the building in ordinarily efficient operating condition.

Rent or Ownership in Real Estate — Rent is the amount paid for properties used in the business. Ownership includes current year taxes, insurance, depreciation and interest on mortgages on land and buildings used in the business.

Office Supplies and Postage — The cost of all materials used for the firm's accounting records.

Advertising — Newspapers, circulars, calendars, radio and television spots, dealer's share of cooperative advertising and materials used in sales events.

Donations — All gifts given from the business operation to charity.

Telephone and Telegraph — For expenses incurred in the operation of the business.

Bad Debts — Uncollectable debts.

Delivery (Other than Wages) — All expenses incurred in the operation of delivery equipment; gas, tires, etc.

Insurance — Premiums paid to insure all assets against fire, theft, etc.

Taxes — All taxes on stock, fixtures, delivery equipment, etc.

Credit Card Expense — Bank charges for processing credit card sales.

Interest on Borrowed Money — The amount of interest paid on borrowed money for all types of notes, loans.

Store and Shop Supplies — The costs of all supplies used in the operation of the store.

Legal and Accounting — The cost incurred for auditing, inventory count, collectors and legal consultation.

Dues and Subscriptions — Fees for memberships and subscription, and expenses for employee training.

Travel, Buying, Entertainment — All expenses incurred in business trips and the entertainment of guests.

Unclassified — All expenses not classified under other headings.

Net Operating Profit — Return on sales before Other Income and Income Taxes when expressed as a percent of Net Sales indicates the percent return on each dollar of sales.

Other Income — Cash discounts earned, cash over or short, interest dividends, finance charges, commissions, tax allowances and rental income.

Net Profit (Before Income Tax) — The net return from the operation of the business.

Balance Sheet

The balance sheet is a statement of financial position at a given point in time. the Report presents year-ending balance sheets. The balance sheet equation is expressed as Assets equal Liabilities plus Net Worth.

Current Assets — Cash, notes receivable in the current year, accounts receivable (less reserve for doubtful accounts), merchandise inventories and other assets with a defined short-term life of one year — all prepaid expenses.

Investments — Assets with a long-term life such as stocks and bonds or real estate which are not needed to operate the business.

Fixed Assets — Assets with a long-term life which are needed to carry out a firm's normal business activities. The Financial Report includes only tangible assets at book value less accumulated depreciation. Included in addition to land and buildings are delivery equipment, machinery and office equipment, furniture, fixtures, etc.

Current Liabilities — All debts which are due within one year — accounts payable, current portion of notes payable and accrued payroll, taxes, insurance, interest, etc.

Long-Term Liabilities — All debts, mortgages, and loans which mature or are due more than one year from the date of the balance sheet, deferred income taxes.

Net Worth — Total assets minus current and long-term liabilities equals net worth or the owner's equity in the business.

Financial Ratios

The financial position of a firm is determined from a review of its financial statements — the income statement and the balance sheet. The analysis of the financial performance of a firm views the interaction of the two financial statements through the measurement of proportions within the structure of the two statements. The proportions are tested by ratio analysis. Sixteen financial ratios are presented in this Financial Report.

Profit On Investment

—Computed by dividing Net Profit Before Taxes by Net Worth; expressed as a percentage.

—Measures the return on the owner's invested capital and is the modern criterion for profitability. Today's hardware retailers should program their operations to achieve a rate of Return-On-Investment of at least 15% after taxes.

Active Owner's Return

—Computed by adding Owner's Salary to Net Profit Before Taxes and then dividing by Net Worth; expressed as a percentage.

—Measures the total return to owners and is applicable to proprietorships, partnerships and small corporations. This ratio allows comparison between operators with different philosophies regarding salaries and profits.

Current Asset Ratio

—Computed by dividing Total Current Assets by Total Current Liabilities; expressed in "times".

—Measures the ability to pay short-term Debts with Assets that may be converted to cash within a period of time corresponding to the maturity of the claims. The traditionally accepted minimum is 2 to 1 or 2.0 times.

Quick Asset Ratio

—Computed by dividing Current Assets minus Inventory by Current Liabilities; expressed in "times".

—Measures the ability to pay Current Debts from Current Assets without relying on the sale of inventory. The traditionally accepted minimum is 1.0 times.

Total Debt To Tangible Net Worth

—The Leverage Ratio, computed by dividing Total Liabilities by Tangible Net Worth; expressed as a percentage.

—Measures the owner's investment in comparison to financing provided by creditors and gives an indication of a firm's ability to acquire more debt.

Stock Turn Times

—Computed by dividing Cost of Goods Sold by Average Inventory at Cost (Beginning Inventory plus Year-end Inventory divided by two); expressed in "times".

—Measures the actual physical turnover of the inventory. A low rate of inventory turnover indicates the liklihood that a portion of the book value of the inventory includes obsolete or unusable items. A high ratio indicates efficiency in buying and inventory control; however too high a ratio may indicate the loss of potential sales due to inadquate stocking. Retail hardware store operators should achieve three turns or more per year.

Sales to Inventory

—Computed by dividing Net Sales by Average Inventory; expressed in "times".

—Measures merchandising efficiency and supplements the Stock Turn ratio in determining whether proper inventory control is achieved through scheduled and balanced buying.

Average Inventory Per Sq. Ft. of Sales Area

—Computed by dividing Average Inventory by Square Feet of Sales Area; expressed in dollar value of inventory at cost.

—A rough measure of merchandising efficiency.

Net Sales to Accounts Receivable

—Computed by dividing Net Sales by Accounts Receivable, expressed in "times".

—Measures the sales tied up in accounts receivable. This ratio is the most meaningful when compared to previous years' ratios, due to individual dealer policies of granting their own credit.

Net Sales to Total Assets

—Computed by dividing Net Sales by Total Assets; expressed in "times".

—Measures the use of all Assets to produce Sales. A high ratio may indicate over-trading on assets. A low ratio may indicate excessive investment resulting in idle capacity.

Net Sales to Net Worth

—Computed by dividing Net Sales by Tangible Net Worth; expressed in "times".

—Measures the extent to which sales are supported by invested capital.

Net Sales to Working Capital

—Computed by dividing Net Sales by Working Capital (Current Assets minus Current Liabilities); expressed in "times".

—Measures the demand on working capital to support the sales volume. A high ratio may limit the firm's ability to meet day to day debts.

Sales Per Sq. Ft. — Selling Area

—Computed by dividing Net Sales by Square Feet of Sales Area; expressed in retail sales dollars.

—Measures sales productivity.

Sales Per Sq. Ft. — Total Area

—Computed by dividing Net Sales by Square Feet of Total Area including warehouse and outside storage area; expressed in retail sales dollars.

—Measures sales productivity and indicates the amount of sales generated by each square foot of the total facility.

Sales Per Person Employed

—Computed by dividing Net Sales by the Total Number of Employees; expressed in retail sales dollars.

—Measures the efficiency of personnel in producing sales and is the most useful when compared to past performance.

Sales Per Customer

—Computed by dividing Net Sales by the Total Number of Customer Transactions; expressed in retail sales dollars.

—Measures the average sale per transaction. This ratio gives an indication of the store personnel's ability to make add-on sales.

All Stores

Income Statement Data	All Hardware Stores	Low Profit Stores	High Profit Stores
Number of Stores	908	224	227
Net Sales Volume	$490,836	$386,700	$463,228
Current Year's Sales vs. Previous Year*	+3.81%	+.08%	+6.78%
Gross Sales	101.74%	101.95%	101.74%
Less: Total Deductions	1.74	1.95	1.74
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	64.81	65.63	61.54
Margin	35.19	34.37	38.46
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	6.17	6.18	6.41
Salaries — Other Employees	10.96	12.19	10.02
Federal and State Payroll Taxes	1.17	1.32	1.06
Group Insurance	.45	.54	.38
Benefit Plans	.44	.37	.44
Total Payroll and Other Employee Expense	19.19	20.60	18.31
Occupancy Expense			
Heat, Light, Power, Water	1.03	1.28	.89
Repairs to Building	.35	.41	.30
Rent or Ownership in Real Estate**	3.22	3.92	2.89
Total Occupancy Expense	4.60	5.61	4.08
Other Costs of Doing Business			
Office Supplies and Postage	.43	.46	.42
Advertising	2.01	2.43	1.71
Donations	.06	.06	.08
Telephone and Telegraph	.30	.40	.26
Bad Debts	.19	.17	.17
Credit Card Expense	.08	.12	.07
Delivery (Other than Wages)	.54	.68	.45
Insurance (Other than Real Estate and Group)	.89	1.04	.79
Taxes (Other than Real Estate and Payroll)	.49	.49	.58
Interest on Borrowed Money (Other than Mortgages)	1.33	2.44	.73
Depreciation (Other than Real Estate)	.73	.93	.65
Store and Shop Supplies	.43	.54	.34
Legal and Accounting	.41	.50	.36
Dues and Subscriptions	.10	.10	.09
Travel, Buying, Entertainment	.25	.33	.21
Unclassified	.62	.98	.55
Total Other Costs of Doing Business	8.86	11.67	7.46
Total Operating Expense	32.65	37.88	29.85
Net Operating Profit	2.54	(3.51)	8.61
Other Income	1.28	1.16	1.75
Net Profit (Before Income Taxes)	3.82	(2.35)	10.36

*As reported to us by Management Report contributors.
**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

All Stores

Balance Sheet Data	All Hardware Stores	Low Profit Stores	High Profit Stores
Total Dollar Assets	$247,627	$206,316	$265,722
		% of Total Assets	
Assets			
Cash and Equivalent	6.15	3.89	8.67
Notes and Contracts Receivable	3.46	3.24	4.55
Accounts Receivable	10.04	7.41	9.97
Merchandise Inventory (End of Year)	53.25	55.82	47.16
Other Current Assets	2.92	2.20	3.66
Total Current Assets	75.82	72.56	74.01
Stocks and Bonds	4.56	4.18	4.69
Real Estate (Not Used in Business)	1.26	3.05	.80
Other Investments	2.42	1.78	2.77
Total Investments	8.24	9.01	8.26
Land (Owned and Used in Business)	1.62	2.26	1.65
Buildings (Owned and Used in Business less Depreciation)	6.99	7.80	9.29
Machinery and Office Equipment (Owned and Used in Business less Depreciation)	6.31	7.72	5.42
Other Fixed Assets	1.02	.65	1.37
Total Fixed Assets	15.94	18.43	17.73
Total Assets	100.00%	100.00%	100.00%
Liabilities and Net Worth			
Accounts Payable	9.83	11.87	7.00
Notes Payable	7.67	11.43	3.43
Accrued Expenses Payable	3.08	3.45	2.27
Federal Income Taxes Payable	.33	.08	.60
Other Current Liabilities	2.05	2.24	1.20
Total Current Liabilities	22.96	29.07	14.50
Long Term Debt	15.82	25.44	13.07
Deferred Income Taxes	.10	.04	.24
Other Long Term Liabilities	7.27	10.94	5.53
Total Long Term Liabilities	23.19	36.42	18.84
Total Liabilities	46.15	65.49	33.34
Net Worth	53.85	34.51	66.66
Total Liabilities and Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	14.05%	(12.80)%	27.07%
Active Owner's Return	36.76%	20.75%	43.85%
Current Asset Ratio	3.30x	2.50x	5.10x
Quick Asset Ratio	.98x	.58x	1.85x
Total Debt to Tangible Net Worth	85.68%	189.80%	50.00%
Stock Turn Times	2.50x	2.22x	2.39x
Sales to Inventory Ratio	3.85x	3.39x	3.88x
Average Inventory per Sq. Ft. Sales Area	$25.15	$23.85	$23.72
Net Sales to Accounts Receivable	19.73x	25.31x	17.48x
Net Sales to Total Assets	1.98x	1.87x	1.74x
Net Sales to Net Worth	3.68x	5.43x	2.61x
Net Sales to Net Working Capital	3.75x	4.31x	2.93x
Other Operating Data			
Incoming Freight — % of Purchases	85%	77%	82%
Credit Sales — % of Total Gross Sales	35.51%	33.24%	33.90%
Consumer Sales — % of Total Gross Sales	81.99%	83.34%	84.26%
Selling Area — Square Feet	5,363	5,050	5,143
Sales Per Square Foot — Selling Area	$91.52	$76.57	$90.07
Total Area — Square Feet	8,145	7,338	7,908
Sales Per Square Foot — Total Area	$60.26	$52.70	$58.58
Sales Per Person Employed	$55,327	$50,495	$56,717
Sales Per Customer	$8.48	$9.44	$8.71

Sales Volume Size

Income Statement Data	Sales Under $250,000	$250,000 To $499,999	$500,000 To $749,999	Sales $750,000 Or More
Number of Stores	249	391	123	145
Net Sales Volume	$167,221	$365,664	$599,421	$1,291,932
Current Year's Sales vs. Previous Year*	-1.33%	+3.28%	+2.85%	+5.38%
Gross Sales	101.74%	101.42%	101.93%	101.91%
Less: Total Deductions	1.74	1.42	1.93	1.91
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	63.92	63.45	63.58	66.53
Margin	36.08	36.55	36.42	33.47
Payroll and Other Employee Expense				
Salaries — Owners, Officers, Managers	8.03	6.61	6.70	5.21
Salaries — Other Employees	8.39	11.02	11.14	11.47
Federal and State Payroll Taxes	.98	1.24	1.26	1.12
Group Insurance	.38	.52	.43	.43
Benefit Plans	.13	.25	.36	.67
Total Payroll and Other Employee Expense	17.91	19.64	19.89	18.90
Occupancy Expense				
Heat, Light, Power, Water	1.55	1.13	.97	.87
Repairs to Building	.33	.35	.44	.31
Rent or Ownership in Real Estate**	3.59	3.40	3.26	2.95
Total Occupancy Expense	5.47	4.88	4.67	4.13
Other Costs of Doing Business				
Office Supplies and Postage	.49	.46	.48	.37
Advertising	2.15	2.25	1.90	1.83
Donations	.07	.07	.07	.06
Telephone and Telegraph	.44	.35	.31	.23
Bad Debts	.16	.19	.17	.21
Credit Card Expense	.03	.06	.07	.10
Delivery (Other than Wages)	.87	.60	.61	.39
Insurance (Other than Real Estate and Group)	1.36	.98	1.05	.65
Taxes (Other than Real Estate and Payroll)	.45	.45	.56	.51
Interest on Borrowed Money (Other than Mortgages)	1.96	1.68	1.17	.99
Depreciation (Other than Real Estate)	.95	.73	.73	.68
Store and Shop Supplies	.62	.46	.37	.39
Legal and Accounting	.64	.49	.38	.30
Dues and Subscriptions	.12	.12	.09	.08
Travel, Buying, Entertainment	.30	.25	.28	.23
Unclassified	.50	.63	.71	.61
Total Other Costs of Doing Business	11.11	9.77	8.95	7.63
Total Operating Expense	34.49	34.29	33.51	30.66
Net Operating Profit	1.59	2.26	2.91	2.81
Other Income	1.15	1.46	1.20	1.20
Net Profit (Before Income Taxes)	2.74	3.72	4.11	4.01

*As Reported to us by Management Report contributors

**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages

Sales Volume Size

Balance Sheet Data	Sales Under $250,000	$250,000 To $499,999	$500,000 To $749,999	Sales $750,000 Or More
Total Dollar Assets	$114,643	$197,360	$306,908	$561,257
		% of Total Assets		
Assets				
Cash and Equivalent	5.61	6.25	5.71	6.46
Notes and Contracts Receivable	2.67	4.05	3.43	3.21
Accounts Receivable	6.26	9.20	9.96	12.21
Merchandise Inventory (End of Year)	53.06	56.13	51.82	51.21
Other Current Assets	2.09	2.87	3.08	3.17
Total Current Assets	69.69	78.50	74.00	76.26
Stocks and Bonds	4.75	5.27	4.93	3.63
Real Estate (Not Used in Business)	7.42	.19	.06	.68
Other Investments	1.97	1.80	2.27	3.24
Total Investments	14.14	7.26	7.26	7.55
Land (Owned and Used in Business)	1.91	1.50	1.50	1.67
Buildings (Owned and Used in Business less Depreciation)	7.10	6.05	9.29	6.79
Machinery and Office Equipment (Owned and Used in Business less Depreciation)	6.49	5.88	6.18	6.73
Other Fixed Assets	.67	.81	1.77	1.00
Total Fixed Assets	16.17	14.24	18.74	16.19
Total Assets	100.00%	100.00%	100.00%	100.00%
Liabilities And Net Worth				
Accounts Payable	6.61	9.20	9.31	11.79
Notes Payable	7.95	8.49	5.60	7.74
Accrued Expenses Payable	1.44	2.12	2.71	4.73
Federal Income Taxes Payable	.20	.31	.55	.31
Other Current Liabilities	1.14	1.98	3.38	1.82
Total Current Liabilities	17.34	22.10	21.55	26.39
Long Term Debt	20.25	17.24	14.19	13.67
Deferred Income Taxes	.00	.01	.34	.11
Other Long Term Liabilities	8.40	7.98	5.56	7.00
Total Long Term Liabilities	28.65	25.23	20.09	20.78
Total Liabilities	45.99	47.33	41.64	47.17
Net Worth	54.01	52.67	58.36	52.83
Total Liabilities And Net Worth	100.00%	100.00%	100.00%	100.00%
Financial Performance				
Profit on Investment	7.41%	13.10%	13.77%	17.48%
Active Owner's Return	29.09%	36.36%	36.18%	40.19%
Current Asset Ratio	4.02x	3.55x	3.43x	2.89x
Quick Asset Ratio	.96x	1.01x	1.03x	.95x
Total Debt to Tangible Net Worth	85.09%	89.86%	71.38%	89.27%
Stock Turn Times	1.80x	2.17x	2.46x	3.10x
Sales to Inventory Ratio	2.81x	3.43x	3.87x	4.67x
Average Inventory per Sq. Ft. Sales Area	$19.32	$24.10	$26.03	$29.31
Net Sales to Accounts Receivable	23.31x	20.14x	19.62x	18.85x
Net Sales to Total Assets	1.46x	1.85x	1.95x	2.30x
Net Sales to Net Worth	2.70x	3.52x	3.35x	4.36x
Net Sales to Net Working Capital	2.79x	3.29x	3.73x	4.62x
Other Operating Data				
Incoming Freight — % of Purchases	1.08%	.95%	.88%	.72%
Credit Sales — % of Total Gross Sales	29.94%	34.24%	35.62%	37.67%
Consumer Sales — % of Total Gross Sales	87.13%	79.70%	79.06%	83.21%
Selling Area — Square Feet	3,121	4,868	6,035	9,793
Sales Per Square Foot — Selling Area	$53.58	$75.12	$99.32	$131.92
Total Area — Square Feet	4,812	7,502	9,173	14,400
Sales Per Square Foot — Total Area	$34.75	$48.74	$65.35	$89.72
Sales Per Person Employed	$43,856	$51,771	$52,366	$63,787
Sales Per Customer	$7.20	$7.40	$6.75	$10.36

Sales Floor Size

Income Statement Data	Sales Area Under 3,000 Sq. Ft.	3,000 Sq. Ft. To 4,999 Sq. Ft.	5,000 Sq. Ft. To 9,999 Sq. Ft.	Sales Area 10,000 Sq. Ft. or More
Number of Stores	142	258	253	69
Net Sales Volume	$235,487	$389,772	$567,869	$1,221,982
Current Year's Sales vs. Previous Year*	+3.76%	+2.87%	+3.54%	+4.98%
Gross Sales	101.47%	101.53%	101.76%	102.88%
Less: Total Deductions	1.47	1.53	1.76	2.88
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	64.13	66.50	64.71	63.85
Margin	35.87	33.50	35.29	36.15
Payroll and Other Employee Expense				
Salaries — Owners, Officers, Managers	7.82	6.01	6.67	5.51
Salaries — Other Employees	9.41	10.00	10.89	12.35
Federal and State Payroll Taxes	1.17	1.12	1.19	1.22
Group Insurance	.43	.43	.44	.56
Benefit Plans	.34	.38	.41	.77
Total Payroll and Other Employee Expense	19.17	17.94	19.60	20.41
Occupancy Expense				
Heat, Light, Power, Water	1.13	1.00	.98	1.00
Repairs to Building	.33	.31	.41	.29
Rent or Ownership in Real Estate**	2.93	2.99	3.07	3.56
Total Occupancy Expense	4.39	4.30	4.46	4.85
Other Costs of Doing Business				
Advertising	.49	.43	.46	.41
Office Supplies and Postage	1.99	1.80	1.87	2.13
Donations	.08	.05	.06	.07
Telephone and Telegraph	.39	.31	.28	.26
Bad Debts	.15	.16	.22	.18
Credit Card Expense	.04	.06	.05	.15
Delivery (Other than Wages)	.76	.67	.49	.33
Insurance (Other than Real Estate and Group)	1.17	1.01	.86	.65
Taxes (Other than Real Estate and Payroll)	.45	.43	.51	.46
Interest on Borrowed Money (Other than Mortgages)	1.26	1.15	1.05	1.10
Depreciation (Other than Real Estate)	.81	.68	.69	.68
Store and Shop Supplies	.53	.49	.41	.35
Legal and Accounting	.55	.47	.33	.35
Dues and Subscriptions	.12	.10	.09	.10
Travel, Buying, Entertainment	.28	.23	.23	.30
Unclassified	.71	.57	.70	.61
Total Other Costs of Doing Business	9.78	8.61	8.30	8.13
Total Operating Expense	33.34	30.85	32.36	33.39
Net Operating Profit	2.53	2.65	2.93	2.76
Other Income	.99	1.15	1.32	1.36
Net Profit (Before Income Taxes)	3.52	3.80	4.25	4.12

*As reported to us by Management Report contributors

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